



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

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December 23, 2002

IN REPLY PLEASE
REFER TO FILE: **MP-6**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DITMAN AVENUE PARKING LOT - ASSESSOR'S PARCEL NO. 5232-014-900
LEASE AGREEMENT - UNINCORPORATED COUNTY OF LOS ANGELES
SUPERVISORIAL DISTRICT 1
4 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find this transaction categorically exempt from the provisions of the California Environmental Quality Act (CEQA).
2. Approve the enclosed ten-year Lease Agreement with one ten-year option to extend the Lease between the County of Los Angeles and Bates Partners LLC, a Limited Liability Company, for vehicular parking purposes at the County's Ditman Avenue Parking Lot, located at 124 Ditman Avenue, in the unincorporated County area known as East Los Angeles. Consideration for this lease shall be the construction of improvements and the maintenance of the parking lot for the term of the lease by Bates Partners LLC.
3. Instruct the Chair to sign the Lease Agreement and Memorandum of Lease and authorize delivery to the Lessee.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This action will allow the County of Los Angeles to lease the Ditman Avenue Parking Lot to Bates Partners LLC, who owns the adjacent property at 3601 East 1st Street, Los Angeles. The lease provides for the Lessee to use one-half of the parking spaces exclusively, leaving the other half available for use by the general public. The lease is for an initial term of ten years with one option to extend for ten years. In lieu of rent, Bates Partners LLC will construct parking lot improvements and provide regular maintenance for the entire lot. The Ditman Avenue Parking Lot is located at 124 Ditman Avenue, north of 1st Street, in the unincorporated County area of Los Angeles known as East Los Angeles. Bates Partners LLC requested the use of the lot to provide additional parking for the adjacent Chicana Service Action Center.

Implementation of Strategic Plan Goals

This action is consistent with the Strategic Plan Goal of Fiscal Responsibility. This Lease will eliminate the need to maintain the property and reduce the County's expenses.

FISCAL IMPACT/FINANCING

None.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with California Government Code Section 25536(a), your Board is authorized to lease County-owned property provided the property is held for the ultimate use of vehicle parking. County Counsel has reviewed and approved the Lease Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

This Lease Agreement is categorically exempt, as specified in Class 4(j) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, Synopsis 57, and Section 15304 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

The Honorable Board of Supervisors
December 23, 2002
Page 3

CONCLUSION

This action is in the County's best interest. Enclosed are three originals of both the Lease Agreement and Memorandum of Lease signed by the Lessee. Please have all originals signed by the Chair and acknowledged by the Executive Officer. Please return two originals of both the Lease and Memorandum of Lease to this office and retain one original of each for your files.

One approved copy of this letter is requested.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

JT:adg
P6\DITMAN LEASE BRD

Enc.

cc: Auditor Controller (Accounting Division - Asset Management)
Chief Administrative Officer
County Counsel

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EXHIBITS

Exhibit "A": Premises

Exhibit "B": Improvements to the Premises

RECORDING REQUESTED)
BY AND WHEN RECORDED)
MAIL)

_____)
_____)
_____)
_____)
_____)

Lease Agreement No. _____
Project: Ditman Avenue Parking Lot
Site Address: 124 North Ditman Avenue
Los Angeles, CA 90063
Assessor's Parcel No. 5232-014-900
Thomas Brothers Map Reference: 635-D6

LEASE AGREEMENT

Dated as of _____

By and between

COUNTY OF LOS ANGELES

and

BATES PARTNERS LLC,
a Limited Liability Company

MAIL TAX STATEMENTS TO RETURN ADDRESSEE ABOVE

LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into and is effective this _____ day of _____, 200____, by and between the COUNTY OF LOS ANGELES, a body corporate and politic (hereinafter "COUNTY"), and Bates Partners LLC, a Limited Liability Company (hereinafter "LESSEE").

RECITALS

WHEREAS COUNTY owns fee title to Assessor's Parcel No. 5232-014-900, commonly known as 124 North Ditman Avenue, which is currently used as a public parking lot and which abuts LESSEE's property, Assessor's Parcel No. 5232-014-018, commonly known as 3601 East 1st Street, in the unincorporated area of the County of Los Angeles known as East Los Angeles.

WHEREAS LESSEE desires to improve and maintain this parking lot to encourage the public's use of the parking spaces in exchange for LESSEE's exclusive use of half of the lot.

WHEREAS LESSEE desires to lease said COUNTY's parking lot for the terms and conditions set forth in this Lease.

NOW THEREFORE in consideration of the covenants and conditions set forth herein, COUNTY and LESSEE agree as follows:

ARTICLE 1. DESCRIPTION OF LEASE PREMISES

COUNTY by and through its Board of Supervisors, leases to LESSEE, and LESSEE leases and hires from COUNTY, that property generally hachured and illustrated in Exhibit "A" attached hereto located at 124 North Ditman Avenue, in the unincorporated territory of the County of Los Angeles, commonly known as East Los Angeles (Belvedere Gardens), State of California, hereinafter "Premises", for the term and under the following conditions:

- a. LESSEE accepts the Premises in the condition existing as of the date this Lease is executed, except as otherwise provided herein, subject to all matters of record; and,
- b. LESSEE acknowledges that neither COUNTY nor COUNTY's agent has made any representation or warranty as to the present or future suitability of the Premises for LESSEE's proposed use or the conduct of LESSEE's business; and,
- c. LESSEE agrees that this Lease represents the only contract between the COUNTY and LESSEE regarding the Premises, and any prior written or verbal discussion which is not reflected in this Lease, shall not be a part of the Lease.

ARTICLE 2. USE

A. DESCRIPTION

The Premises shall be used for the sole purpose of vehicular parking. Any other use is specifically prohibited. LESSEE may designate fifty percent (50%) of all the parking stalls within the Premises for the exclusive use by LESSEE, LESSEE's tenants, subtenants and their customers, however, at no time shall there be less than fifteen (15) spaces available for non-LESSEE users. No overnight parking shall be allowed on the Premises except overnight parking authorized in writing by COUNTY or LESSEE.

B. HOURS OF OPERATION

The Premises shall be available for public parking Monday through Saturday, from 7 a.m. to 7 p.m. In the event the automatic gates LESSEE proposes to install, breaks down or is damaged and not able to open or close, the Premises must remain open and available to the public.

C. INTERFERENCE WITH COUNTY'S PURPOSES

LESSEE agrees that its use of the Premises shall not adversely affect the COUNTY's use of the Premises for public parking. Should COUNTY reasonably determine that LESSEE's use of the Premises adversely affects COUNTY's purposes, LESSEE shall, upon receipt of notice thereof from COUNTY, immediately cease such use. LESSEE shall bear any expenses associated with the cessation of such use, and shall have no rights or claims therefor against COUNTY.

D. IMPROVEMENTS

Prior to use and occupancy of the Premises by LESSEE, LESSEE shall make all required improvements and repairs as stipulated by the COUNTY in Articles 4 and 7 to the satisfaction and written approval of the COUNTY. Any required permits for the improvements and repairs prior to use and occupancy of the Premises by LESSEE shall be obtained within thirty (30) days of the commencement of this Lease Agreement. These improvements and repairs are to be completed within one hundred twenty (120) days of the commencement of this Lease. Failure to complete the required improvements and repairs within said one hundred twenty (120) days shall allow the County to cancel this Lease.

In no event, shall COUNTY be responsible for damages, loss, or destruction of LESSEE's or invitees' property.

ARTICLE 3. LEASE TERM

A. INITIAL TERM

This Lease shall be for a period of ten (10) years beginning upon Los Angeles County Board of Supervisor's approval or when a Certificate of Occupancy is issued for LESSEE's business located at 3601 East 1st Street, as intended is obtained, whichever is later. The month and day which the Lease commences shall hereafter be referred to as the Anniversary Date.

B. OPTION TO EXTEND

LESSEE shall have one (1) option to extend this Lease for a ten (10) year term. LESSEE may exercise this option to extend by giving COUNTY written notice at least six (6) months but not more than one (1) year prior to the expiration of the initial term and provided that the Lease is not in default.

C. CANCELLATION

COUNTY shall have the right to cancel this Lease, and in the event LESSEE sells and/or no longer owns 3601 East 1st Street, for public transportation, utilities, and other governmental purposes by giving LESSEE at least ninety (90) days' prior written notice. LESSEE shall have the right to cancel this Lease without liability to COUNTY in the event LESSEE's occupancy permit is denied.

ARTICLE 4. RENT

Consideration for this Lease shall consist of the construction of improvements specified below and the maintenance of the Premises at the level required in this Lease throughout the term of this Lease. Construction of the improvements shall be in accordance with specifications approved by COUNTY. No construction shall commence until the plans and specifications for such work shall have first been submitted to and been approved, as evidenced by the issuance of a permit from the Building and Safety Division and written approval from the Los Angeles County Road Maintenance District 4, of the County of Los Angeles Department of Public Works.

A. IMPROVEMENTS TO THE PREMISES

Prior to LESSEE's use or occupancy, the following improvements as depicted on Exhibit "B", shall be made by LESSEE in lieu of rent:

1. Reconstruct damaged curbs with Portland Concrete Cement (PCC). Reconstruct damaged asphalt concrete pavement with like material. There are approximately 94 feet of 8-inch curb and 500 square feet of asphalt. First location consists of 44 linear feet and the second location consists of 50 linear feet, as depicted in Exhibit "B" as A1.-1 and A1.-2.

2. Plant one (1) 15-gallon size Brisbane Box trees in each of the two planter areas after planter curbs are reconstructed with PCC..
3. Construct a parkway drain at the northwest corner of the parking lot to drain the parking lot water directly into the street. Exit to the drain should be at the Ditman Avenue curb face in the flowline area of the gutter.
4. Regrade and reconstruct portions of the Premises as needed to resolve the water ponding problem at six various locations amounting to approximately 1,200± square feet of asphalt, as depicted in Exhibit "B" as A4.-1, A4.-2, A4.-3, A4.-4, A4.-5, and A4.-6. Replacement asphalt shall be at least three inches (3") thick.
5. Remove the abandoned 29 parking meter poles (there are no meters on the poles).
6. Remove the center median and appurtenant curbs and replace with parking bumpers. There is approximately 170 feet of 8-inch curb (85 feet each side). Repave level with asphalt 85 feet x 4 feet wide. Install eleven (11) PCC parking bumpers.
7. Remove the planter area at the easterly end of the center median and repave with asphalt consistent with rest of the parking lot.
8. Slurry the entire parking lot with approximately ten (10) tons of Type II slurry.
9. Restore entire parking lot striping and markings, including required handicap designations. The lot has approximately 13,500 square feet and a total of twenty-eight (28) stalls which include two (2) stalls for the disabled.
10. Landscape and maintain all parking lot planter areas, including the one adjacent to the driveway.
11. Install signs which are large enough and in a quantity to clearly inform non-LESSEE parking lot users of the lot's operating hours and that no overnight parking will be allowed.
12. LESSEE may install electric gates at the entrance and exit points of the lot. If such gates are installed, an automatic gate opener with a sensor must also be installed so that cars parked in the lot after the gates are closed will be able to exit the lot.

All improvements and repairs to the Premises are to be in accordance with and have the written approval of the Los Angeles County Road Maintenance District 4.

B. MAINTENANCE

LESSEE shall maintain the Premises, at no cost and liability to COUNTY, as necessary to keep the Premises free of trash and graffiti. At a minimum, LESSEE shall perform the following:

1. Place a minimum of two (2) trash receptacles which shall be emptied at least twice per week or more frequently if necessary so as to not permit the contents to overflow or spill onto Premises.
2. Sweep twice per week on Mondays and Thursdays and remove litter on a daily basis.
3. Dispose of collected trash legally and in accordance with general commercial practices.
4. Remove graffiti within seventy two (72) hours of its appearance and repaint as required to match existing paint.
5. Patch, repair and repaint any damage to the block walls, including holes and cracks, to any gates and other improvements now existing or to be constructed on the Premises. Such work must commence within thirty (30) days of such damage occurring, or within ten (10) days of notice from COUNTY.
6. Patch and repair any hole or damage to the driveways and parking stalls within seventy two (72) hours of its appearance.
7. Repair, resurface or reconstruct walls, driveways, parking stalls and any improvements on the Premises as necessary, to conform with requirements of the County's Regional Planning Department, and/or to comply with ADA requirements.
8. Any modifications that may be required by Government Codes shall be the sole cost and expense of the LESSEE.
9. The LESSEE must report any major damage to the Premises, as defined in this Lease Agreement, to the COUNTY within twenty-four (24) hours of occurrence.
10. LESSEE must arrange to have vehicles parked overnight on the Premises removed before the next closing of the lot or sooner.

C. NO INTERFERENCE OR CHARGES FOR GENERAL PARKING

LESSEE shall make the Premises conveniently available to the general public for parking purposes. LESSEE must not unreasonably interfere with the general public's use of the unassigned parking stalls and must adhere to the following:

1. No monthly fee or per usage charge may be assessed to the general public.
2. No assessment of any kind, for the costs incurred in the operation and maintenance of the Premises, may be imposed on any one except LESSEE may freely make any arrangement with its tenants. However, COUNTY's non-interference with any such arrangement may not be construed as COUNTY's endorsement.
3. No sign may be posted on the Premises to infer that usage is limited to visitors or patrons of the LESSEE or of the LESSEE's tenants.
4. No sign may be posted on the Premises to infer that there will be charges for the parking.

D. LATE PAYMENT

LESSEE's failure to comply with any of the conditions as stipulated in this Article constitutes a default upon which Article 21, Remedies for Default, may apply. For the purpose of this Lease Agreement, any expense incurred by COUNTY in the pursuit of remedies shall be deemed rent owed, additional rent owed, or late payment owed by LESSEE and be subject to the following:

- (1) Any rent payable under the Lease by LESSEE to COUNTY and not paid within ten (10) days of due date shall be delinquent and subject to interest charged in accordance with Article 4.E. - Interest Charge, herein.
- (2) If it becomes necessary to bring suit for collection of rent, or of any other sums herein stipulated to be paid, and COUNTY is successful in any such suit(s), LESSEE agrees to pay attorney's fees and any other collection fees as COUNTY may reasonably incur.

E. INTEREST CHARGE

Interest charge shall be accrued from the date payment is due at the rate of ten percent (10%) per annum or five percent (5%) above the Federal discount rate, whichever is greater, to be imposed by COUNTY on LESSEE for the amount and over the period in which such sum is due and owing. The interest rate shall not exceed the then existing legal limit in California. The interest charge shall be compounded monthly and be computed by applying one twelfth (1/12) of the interest rate to the sum owing, including principal and accrued interest, until such time that the amount owed is fully received by COUNTY.

ARTICLE 5. SECURITY DEPOSIT

A. AMOUNT AND ACCEPTABLE FORMS OF SECURITY DEPOSIT

- (1) The initial amount of security deposit shall be Zero Dollars (\$0.00). LESSEE shall provide COUNTY, if required by COUNTY, a security deposit which shall at all times thereafter be maintained by LESSEE.
- (2) If COUNTY deems at any time that said amount is insufficient, in view of inflation and other factors, COUNTY shall set a new amount that is reasonable to afford required protection to the COUNTY.
- (3) The security deposit shall guarantee LESSEE's full and faithful performance of all the terms, covenants, and conditions of this Lease.
- (4) The security deposit shall be in the form of a Cashier's check, made payable to Los Angeles County Department of Public Works
 - a. The security deposit shall be delivered to the COUNTY by LESSEE.
 - b. Any interest earned on the security deposit shall be reinvested and accumulated. The tax liability on the interest earned shall be reported to the Internal Revenue Service using the taxpayer identification number of the LESSEE.

B. AVAILABILITY AND USES OF SECURITY DEPOSIT

- (1) All or any portion of the security deposit shall be available unconditionally to COUNTY to correct any default or breach of this Lease by LESSEE, its successors or assigns, or for payment of expenses incurred by COUNTY as a result of the failure of LESSEE, its successors or assigns, to faithfully perform any of the terms, covenants, and conditions of this Lease.
- (2) If at any time during the term of this Lease, any rent or any other sum payable to COUNTY shall be overdue and unpaid, COUNTY may, at COUNTY's option, apply that portion of the security deposit to the payment of any overdue rent or any other sums due and payable to COUNTY under this Lease.
- (3) Should the entire security deposit or any portion thereof, be appropriated and applied by COUNTY for the payment of overdue rent or any such other sum due and payable to COUNTY by LESSEE, then LESSEE shall within thirty (30) days after written demand by COUNTY, restore said security deposit to the required amount.

- (4) LESSEE shall maintain the required security deposit amount throughout the Lease Term. Failure to maintain the proper amount of security deposit shall be deemed a default and may, at COUNTY's sole discretion, be grounds for termination of this Lease.
- (5) The security deposit shall be rebated, reassigned, released, or endorsed to LESSEE, as applicable, at the end of the Lease Term, provided LESSEE is not then in default and has performed its obligations as required upon termination of this Lease.

ARTICLE 6. PUBLIC PARKING

Use of the Premises by LESSEE for those purposes so stated in Article 2 herein shall be subordinate to COUNTY's use thereof for present and future public facility and transportation purposes as determined by the COUNTY and shall not interfere or conflict with COUNTY's use.

A. PRIORITY OF PREMISES

- (1) It is understood by the parties hereto that since construction projects of COUNTY and others authorized by COUNTY may be carried on within the Premises, LESSEE, its officers, agents, employees and its contractors, permittees, licensees and their employees shall not unreasonably hinder or delay any of them or their actions.
- (2) COUNTY may, when necessary, request LESSEE in writing to make required modifications, additions, relocation or removal of LESSEE's parking lot improvements due to COUNTY's work for public facility or transportation purposes, when in the sole discretion of COUNTY, such work cannot be accommodated practically or economically with LESSEE's existing parking facility. LESSEE shall be obligated to make such modifications, additions, relocation or removal upon its receipt of notice thereof, shall perform such obligations at its expense and shall complete them prior to commencement of COUNTY's work.
 - a. Should LESSEE fail to make said modifications, additions, relocation or removal within one hundred twenty (120) days from receipt of notice from COUNTY, COUNTY may perform the required work itself or engage an independent contractor and charge LESSEE for any and all expenses incurred.

- b. Should LESSEE fail to reimburse COUNTY for any and all costs COUNTY incurred in making said modifications, additions, relocation or removal, COUNTY shall charge LESSEE a penalty, considered additional rent, to be charged and accrued at the rate so specified in Article 4 - Rent, until such payment is received in full by COUNTY. At its sole discretion, COUNTY may use the security deposit for such payment. In such case, LESSEE shall restore the security deposit to the sum prior to the COUNTY's use or to a new sum so requested by COUNTY, at its sole discretion.

ARTICLE 7. CONSTRUCTION AND ALTERATION

A. LESSEE'S RESPONSIBILITY TO CONSTRUCT AND ALTER

- (1) The construction, reconstruction, alteration or removal of any improvements shall not commence until LESSEE's preliminary and final plans and specifications thereto have been submitted to and approved by the Los Angeles County Engineer or designee, and are in accordance with the terms and conditions of this Lease.
- (2) It is understood by LESSEE that such approval by COUNTY does not imply, confer or constitute any entitlement as to what is permitted and may be constructed on the Premises. Such entitlement(s) must be obtained by the LESSEE from the jurisdiction in which the Premises are located.
- (3) Such written approval for construction, reconstruction or alteration, with the exception of removal, shall not be unreasonably withheld unless COUNTY, at its sole discretion, determines that the proposed construction, reconstruction or alteration, will interfere with the operation and maintenance of the said COUNTY facility or any of COUNTY's other affected properties or facilities or the placement of underground utilities.
- (4) LESSEE shall submit to COUNTY, "As Built" Construction Drawings within thirty (30) days from Notice of Completion as executed by the Architectural Engineering Division of the County of Los Angeles Department of Public Works. Failure to submit "As Built" Construction Drawings", as required herein, shall constitute a breach of this Lease. The sum of One Thousand Dollars (\$1,000) is hereby agreed upon as the amount of damages that will be assessed to LESSEE and paid to COUNTY for each business day, following the fifth business day of such breach. Said amount has been agreed to by both parties in recognition of the difficulty in finding actual damages arising from a breach hereof.
- (5) LESSEE, when undertaking any construction, reconstruction or alteration, except for minor repairs as defined herein, shall procure payment and performance bonds as specified in Article 9. Surety Bonds.

- (6) LESSEE shall post signs on the Premises giving the hours of operation of the Premises and in accordance with the written approval of the COUNTY.
- (7) The LESSEE must report all accidents and events of potential liability, which occur on the Premises, to COUNTY within twenty four (24) hours.

B. APPROVAL BY COUNTY AS TO COMPATIBILITY

Approval by COUNTY of plans and specifications submitted by LESSEE shall be as to compatibility with COUNTY's facilities and shall not be interpreted or inferred as an endorsement or approval as to the design, accuracy, correctness or authenticity of the information shown thereon. LESSEE shall comply with all requirements, rules, regulations, and ordinances pertaining to the construction of LESSEE's improvement on the Premises.

C. RESPONSIBILITY OF LESSEE TO OBTAIN PERMITS

LESSEE shall arrange for, obtain and bear costs, of all permits, including plan check and inspection fees, licenses, environmental impact reports, site preparation, surface treatment, relocation of any facilities, and enclosure of the Premises as necessary or required for health or safety in the construction, operation, and maintenance of the Premises as used by LESSEE.

D. INCORPORATION OF PERMIT BY REFERENCE

As a condition of this Lease, LESSEE agrees to perform the covenants and conditions contained in any permit issued or to be issued to LESSEE by the County of Los Angeles. In the event of any inconsistencies or ambiguities between the terms of the Lease and any permit issued, the Lease shall prevail.

ARTICLE 8. OWNERSHIP AND DISPOSITION OF IMPROVEMENTS

A. OWNERSHIP

The improvements constructed or installed on the Premises by LESSEE or acquired by LESSEE during the Lease Term, as required by this Lease, shall be COUNTY's property. COUNTY-approved improvements constructed and installed by LESSEE, not required by the Lease, such as the electric gates, shall remain LESSEE's property during the Lease Term.

B. TERMINATION AND REMOVAL

- (1) LESSEE shall remove all LESSEE-owned improvements to COUNTY's satisfaction and at LESSEE's sole cost and expense. LESSEE may request COUNTY to leave some or all of LESSEE-owned improvements; however, no damaged or destroyed improvements may be left on Premises without specific approval from COUNTY. If no response from COUNTY is received by LESSEE within thirty (30) days of LESSEE's request, LESSEE shall remove LESSEE-owned improvements. Regardless of the reasons why certain improvements are remaining on the Premises, LESSEE shall not be entitled to any compensation whatsoever for said improvements.
- (2) In compliance with this provision for removal of all unwanted improvements on the Premises, LESSEE shall procure estimates of the total cost for such removal from three licensed professionals and provide COUNTY with copies thereof. The licensed professional to be contracted must be approved in writing by COUNTY prior to commencement of removal.
- (3) The actual cost of removal and any restoration of the Premises required shall be paid by LESSEE.

ARTICLE 9. SURETY BONDS

A. Performance and Payment Bonds

- (1) On each occasion LESSEE constructs, reconstructs or removes any approved improvement within Premises, except for minor repairs as defined in Article 35. LESSEE shall at its own cost and expense furnish COUNTY two (2) separate corporate surety bonds, in all respects satisfactory to COUNTY as follows:

Performance Bond: Within thirty (30) days prior to commencement of any construction, reconstruction or removal, LESSEE shall furnish a corporate surety Performance Bond issued by a surety company licensed to transact business in the State of California, in an amount equal to at least Twenty Thousand Dollars (\$20,000) of the contract price of such construction, reconstruction or removal. Said bond and said company shall be in all respects satisfactory to COUNTY, naming LESSEE as principal, said company as surety, and COUNTY as obligee, to assure full and satisfactory performance by LESSEE of its construction, reconstruction or removal of said improvements.

Payment Bond: Within thirty (30) days prior to commencement of any construction, reconstruction or removal hereunder, LESSEE shall furnish a corporate surety Payment Bond (Material and Labor Bond), issued by a surety company licensed to transact business in the State of California, with LESSEE as principal, said company as surety, and COUNTY as obligee. Payment Bond shall be issued in a sum equal to at least Twenty Thousand Dollars (\$20,000) of the aforesaid contract price of such construction, reconstruction, or removal guaranteeing payment for all material, provisions, supplies and equipment, used in, upon, for or about the performance of said construction work and for labor done thereon of any kind whatsoever and protecting COUNTY from any and all liability, loss or damages arising from failure to make such payment.

- (2) Should LESSEE not complete any or all the work connected with construction, reconstruction or removal of its improvements on the Premises, then the bond(s) shall be used by COUNTY and released to the COUNTY for any and all such costs and payments to cover total costs incurred in its performance of any and all actions under this Article.

B. Alternatives To Surety Bonds

- (1) In the event LESSEE constructs or removes certain improvements by itself, COUNTY and LESSEE agree that a letter of credit in the same amounts as required by Article 9.A, Performance and Payment Bonds, in a form acceptable to COUNTY from an accredited lending institution, approved by COUNTY, shall be submitted to COUNTY, guaranteeing that funds necessary to accomplish said construction or removal shall be irrevocably set aside for the sole purpose of completing said construction or removal without the right of offset by such institution for other debts. Such letter of credit shall be renewed to provide for continuing liability in the above amount notwithstanding any payment or recovery.
- (2) In the event that LESSEE employs a licensed contractor for the construction or removal of improvements and obtains from said contractor(s) similar bond(s) in a like amount, LESSEE shall insure bond(s) in all respects are satisfactory to COUNTY, upon application by LESSEE and upon the naming of COUNTY as an additional obligee under such bond or bonds, COUNTY will accept said contractor's bond in lieu of the bonds otherwise required by this Article. Such bond shall be renewed to provide for continuing liability in the above amount notwithstanding any payment or recovery.
- (3) At its sole option, the COUNTY may accept Certificates of Deposit, Cash Deposit, U.S. Government Securities or other instruments acceptable to COUNTY in lieu of corporate surety bonds to meet the requirements of this Article. Such alternate instruments shall be made payable to the Los Angeles County Department of Public Works and shall be deposited with COUNTY.

- a. COUNTY shall accept such alternative bond instruments only from institutions on the then current List of Approved Lenders maintained by the Los Angeles County Treasurer/Tax Collector. At any time during the Lease Term should the institution from which the instrument was procured, be removed from the List or otherwise disqualified by the County, then LESSEE must procure at its sole cost another such instrument, of equivalent value and standing, from an institution on the then current List upon written notice by COUNTY.
- (4) Failure of LESSEE to comply with the above provision will result in a demand for corporate surety bonds as required under this Article.

ARTICLE 10. REPAIRS AND MAINTENANCE

A. LESSEE RESPONSIBLE FOR REPAIRS AND MAINTENANCE

In addition to Article 4.B - Maintenance, LESSEE shall conduct routine repairs and maintenance as follows:

- (1) LESSEE, at its sole cost and expense, shall maintain the Premises, including but not limited to, all facilities, structures, landscaping, utilities, and improvements constructed thereon by LESSEE, in good repair and in compliance with all requirements of law and usual industry standards. LESSEE shall be responsible for all utility bills and payments thereof associated with the Premises.

In the event the automatic gates break down or is damaged and not able to open or close, the parking lot must remain open and available to the public as provided in Article 2.B - Hours of Operation.

- (2) LESSEE shall repair or remove any and all damage, that LESSEE has made or caused to its own improvements, at no cost to COUNTY. At COUNTY's sole discretion, and at LESSEE's sole cost and expense, LESSEE shall repair and/or remove any and all damaged COUNTY-owned improvements. Should damages be caused by the presence of hazardous substances, LESSEE shall take remedial actions as specified Article 22 - Hazardous Substances.
 - a. LESSEE shall within seventy two (72) hours remove from and keep structures and improvements on the Premises, whether LESSEE or COUNTY-owned, free of any graffiti.

- b. LESSEE shall evidence such repairs or removal within seven (7) days of the incident causing the damage. Prior to LESSEE's repair or removal of said damage, LESSEE shall notify COUNTY in writing. Where COUNTY-owned improvements are affected, LESSEE shall obtain COUNTY's approval.
 - c. If LESSEE fails to repair or remove damaged structures immediately and to COUNTY's satisfaction, COUNTY may enter Premises with or without notice and repair said damage or at COUNTY's option may terminate the Lease.
 - d. Should COUNTY repair or remove said damages, LESSEE shall reimburse COUNTY for any and all expenses incurred, together with interest charged in accordance with Article 4.E - Interest Charge, herein.
- (3) Notwithstanding the above, COUNTY shall not be obligated to make any repairs, alterations, additions or improvements in, on or to Premises or in, on or to any structure or other improvements hereinafter erected or installed thereon by LESSEE, whether structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen.
- (4) LESSEE shall otherwise observe and comply with any and all public laws, ordinances and regulations, applying to Premises during the term of this Lease.
- (5) LESSEE shall indemnify, defend and hold harmless COUNTY against all actions, claims and damages by reason of LESSEE's failure to perform the terms hereof, or LESSEE's nonobservance or performance of any applicable law, ordinance or regulation.

B. APPROVALS BY COUNTY

- (1) For all repairs, LESSEE shall comply with each and every condition for construction and alteration as provided in this Lease except for minor repairs to the Premises as defined in Article 35 which shall conform with local building codes.
- (2) The COUNTY may release LESSEE from any such condition only upon prior written Request for Release from construction conditions setting forth each and every condition from which LESSEE seeks release.

C. FAILURE TO COMPLY

If LESSEE fails to comply with all or any part of this Article, the Lease may reasonably be considered to be in default and COUNTY may reasonably subject LESSEE to the provisions in Article 21 - Remedies for Default.

ARTICLE 11. TAXES AND ASSESSMENT

A. PAYMENT OF TAXES

- (1) LESSEE shall have sole responsibility to pay promptly without abatement, deduction, or offset, any personal and real property taxes, rental and excise taxes, business and occupation taxes and all general and special assessments, taxes or any other charges (hereinafter "taxes") levied or assessed upon the Premises, LESSEE's operations thereon or against LESSEE's possessory interest by any governmental entity.
- (2) Should this Lease create a possessory interest which may be subject to a property tax levy, LESSEE agrees to pay any property tax levied on such interest.
- (3) If notice of such taxes is received by COUNTY from a governmental agency or any other persons or entity, COUNTY shall communicate such notice to LESSEE; however, COUNTY's failure to communicate such notice shall not impose liability on COUNTY or excuse LESSEE from payment of the taxes.

B. FEES

In the event that during the Lease Term a tax, assessment, fee, charge or other monetary imposition is placed upon COUNTY by any governmental agency whether, city, state, federal or special district, as a part of a requirement to obtain a license or pay a sum for the renting or leasing of real property or any interest therein, measured in whole or in part upon the sums received by COUNTY from LESSEE under this Lease, LESSEE shall either pay directly on behalf of COUNTY or at COUNTY's request, reimburse COUNTY for any sums paid by COUNTY.

C. PAYMENT BY COUNTY

- (1) In the event LESSEE fails to pay such a tax, assessment, fee, charge or other monetary imposition within fifteen (15) days after the due date, COUNTY may, at its option, pay any and all such sums together with all penalties and interest added thereto by reason of any such delinquency or default, and may likewise redeem the Premises or any part thereof, from any tax sale or sales.
- (2) Any such amounts so paid by COUNTY shall be subject to the payment of interest charged in accordance with Article 4.E - Interest Charge, herein.

D. COMMENCEMENT AND EXPIRATIONS

All taxes and assessments against Premises during the first and last years of this Lease shall be pro-rated between COUNTY and LESSEE. LESSEE shall have no obligation for payment of installments of taxes on assessments that become due before the commencement of Lease term or that may be assessed after the expiration or sooner termination of the Lease term.

ARTICLE 12. LIENS AND CLAIMS

LESSEE agrees to keep the Premises and the improvement(s) hereinafter constructed or placed thereon, and every part hereof, and any and every estate, right, title, and interest therein, at all times during the term of this Lease, free and clear of mechanic's liens and other liens for labor, service, supplies, equipment and materials.

LESSEE will at all times fully pay and discharge and wholly protect, defend and hold harmless COUNTY and all and every part of the estate, right, title, and interest of COUNTY in and to all and every part of the Premises and such improvements, or any of them, against; (a) any and all demands or claims which may or could become such liens or labor claims, (b) all attorney's fees and costs, and; (c) any and all expenses, damages, or outlays which may or might be incurred by COUNTY or LESSEE by reason of, or on account of any such liens or claims or the assertion thereof.

If any lien shall be filed, or if any suit, action or proceeding shall be commenced, affecting the Premises or improvements thereon, LESSEE shall immediately, upon obtaining information thereof, give notice in writing to COUNTY.

Should LESSEE allow a final judgment of foreclosure of any mechanic's lien, or any other judgment arising out of any claim or demand in connection with any construction or improvements made upon the Premises to remain unsatisfied for more than a period of ten (10) days, COUNTY may, at its option, pay any and all such claims or demands. LESSEE covenants and agrees to pay to COUNTY all such sums incurred or expended by COUNTY, including all reasonable attorney's fees, plus interest charged in accordance with Article 4.E - Interest Charge, herein.

COUNTY shall have the right to post, record, and maintain on the Premises such Notices of Non-responsibility as provided for under the laws of the State of California.

Notwithstanding anything to the contrary herein contained, if LESSEE shall contest the validity of any lien, claim or demand, then LESSEE shall, at its expense, defend itself and COUNTY against the same and shall pay and satisfy any final adverse judgment that may be rendered therein before enforcement thereof against COUNTY or the Premises.

LESSEE shall name COUNTY as additional obligee under any surety bond furnished in the contested proceedings.

ARTICLE 13. INDEMNITY AND INSURANCE

A. INDEMNITY

- (1) LESSEE agrees to indemnify, defend and hold harmless COUNTY, its governing board, officers, employees, engineers, contractors, or agents against any claims of any nature whatsoever, arising from or in connection with the construction, reconstruction, maintenance, operation, or removal of any improvements on, above, or under the Premises, or use or occupation of the Premises by LESSEE.
- (2) COUNTY shall not be liable (and LESSEE shall indemnify COUNTY) for any loss occurring to the operation of the Premises nor for any injury, loss, death to any person whomsoever; any damage or destruction to the Premises, at any time, occasioned by or arising out of, indirectly, solely, or contributorily by: (a) any act, activity or omission of LESSEE or anyone holding under LESSEE, or; (b) the occupancy or use of the Premises or any part thereof by or under LESSEE, or; (c) any state or condition of the Premises or any part thereof or; (d) the active or passive negligence or omission of COUNTY, its governing board, officers, employees, engineers, contractors, or agents.

B. INSURANCE

As of the commencement of this Lease and during the entire Lease Term, LESSEE shall pay all premiums required to maintain and keep in force the following insurance coverage, with insurance carrier(s) acceptable to COUNTY.

- (1) Comprehensive General Liability Insurance. LESSEE shall procure such policy with coverage of not less than two million dollars combined single limit (\$2,000,000) aggregate for third party liability.
- (2) Other Insurance Requirements
 - a. To name the COUNTY as an Additional Insured on each and every policy of insurance procured by LESSEE as required herein.
 - b. To deliver to COUNTY, within ten (10) days prior to the effective date of this Lease, copies of all actual insurance policies procured by LESSEE required hereof.
 - c. To furnish COUNTY, thirty (30) days prior to each Anniversary date, Certificates of all insurance policies required herein, as proof that they are in full force and effect, and the limits thereof.
 - d. To pay any and all premiums or other expenses arising in connection with the furnishing of the insurance.

- e. That all insurance policies shall contain a provision that said policies shall not be canceled or terminated without thirty (30) days prior written notice from the insurance company to COUNTY. On or before ten (10) days prior to the expiration of any insurance policy, LESSEE will deliver to COUNTY either written notice in the form of a receipt or other similar document from the applicable insurance company that said policy or policies have been renewed, or a copy of a new insurance policy from another responsible and solvent insurance company acceptable to COUNTY for such coverage.
- f. To procure an appropriate clause or an endorsement on any policy of fire, lightning, vandalism, malicious mischief, or extended coverage insurance covering the Premises, the improvement(s) and any personal property, fixtures and equipment located in or on the Premises, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery against COUNTY, LESSEE does hereby agree that it shall not make any claim against or seek to recover from COUNTY any loss or damage to LESSEE's property or the property of others, resulting from and covered by fire or other hazards insurance.
- g. That any loss shall be payable notwithstanding any act or negligence of COUNTY, its officers, agents and employees that may otherwise result in a forfeiture of the insurance.
- h. That the policies are primary and non-contributing with any insurance that may be carried by COUNTY.
- i. LESSEE shall, at all times prior to a loss thereon, be entitled to surrender any insurance policy or policies of fire or extended coverage insurance and to receive the allowable rebate of unearned premiums thereon; however, the LESSEE first shall substitute an acceptable policy(s) for an equal amount of coverage.
- j. At any time during the Lease Term, should COUNTY require any other certain types of insurance policies, LESSEE shall conform with COUNTY's requirements.

(3) Use of Funds for Repair and Restoration

COUNTY shall, at LESSEE's sole cost and expense, cooperate fully with LESSEE to obtain the largest possible recovery following any damage or loss due to an incident covered by insurance. All policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be held in trust by the Insurance Trustee, as provided for in Article 13.B. (4) below for the uses and purposes prescribed by this Lease. All costs and charges by the Insurance Trustee to discharge related duties shall be borne and paid by LESSEE.

(4) Insurance Trustee

- a. Prior to the commencement of this Lease LESSEE shall designate an Insurance Trustee, as defined in Article 35 - Definitions, subject to approval by COUNTY. In the absence of a designation by LESSEE or approval by COUNTY, the County of Los Angeles shall serve as the Insurance Trustee. In this event, the Trustee shall serve without bond.
- b. In the case of loss or damage, all proceeds payable pursuant to the provision of any insurance policy or policies of fire insurance or extended coverage shall be expressly made payable to the Insurance Trustee for COUNTY and LESSEE for the following purposes with the following powers and duties:
 1. If the proceeds do not exceed the amount defined herein as minor repairs, such proceeds shall be paid to LESSEE and shall be applied by LESSEE for the repair, restoration, or reconstruction of any improvement damaged or destroyed by casualty giving rise to the insurance claim.
 2. All proceeds received by the Insurance Trustee from any insurance policies of fire insurance or extended coverage shall first be used, subject to any other contained in this Lease, by such Insurance Trustee to fund the restoration and repair of the Premises and improvements and equipment located thereon.
 3. Such proceeds shall be paid out by the Insurance Trustee to persons furnishing labor or materials, or both, including architect fees and contractor's compensation in the construction work, based on vouchers or invoices approved by a licensed architect or engineer contracted by LESSEE to superintend the work. However, if the Insurance Trustee shall reasonably determine that such vouchers or invoices are improperly approved by such architect or engineer, or if no such architect or engineer is contracted, then the Insurance Trustee shall have the right to choose such contractors to supervise the construction work and to make the payments out of the Insurance Trust Fund for their reasonable expenses or charges.

4. Any proceeds not disbursed by the Insurance Trustee, as provided above, and which remain in the Insurance Trust Fund after the completion of and payment for the restoration or repair work, shall within thirty (30) days after written demand made by LESSEE or COUNTY upon the Insurance Trustee and accompanied by reasonable proof of such completion and payment, be distributed to LESSEE and COUNTY in proportion to their respective financial interest in the Premises, as shall be determined solely by COUNTY. If LESSEE does not complete the restoration or repair work, the remaining proceeds will not be disbursed to the LESSEE.
5. If the insurance proceeds are insufficient to pay the actual cost of reconstruction, repair, or rehabilitation, Insurance Trustee shall request such deficiency from LESSEE who shall bear and provide deficient amount by depositing same with the Insurance Trustee within ninety (90) days following the request.

COUNTY at its option, may pay for such repairs. All costs incurred by COUNTY shall be repaid to COUNTY by LESSEE along with interest, at the rates stipulated in Article 4.E. herein.

6. If the Insurance Trustee shall for any reason resign, be unable or unwilling to act or continue to act, the LESSEE shall designate another Insurance Trustee in and under the same manner and conditions as provided for in Article 13.B.(4)a above.

(5) RIGHT OF COUNTY TO INSURE

- a. If for any reason LESSEE shall neglect or fail to insure or cause to insure and keep insured the improvements on Premises as required by this Lease, or to pay the premiums therefor, COUNTY may at its option, procure or renew such insurance and pay the premiums thereon.
- b. Any amount paid for insurance by COUNTY shall become immediately due and payable by LESSEE to COUNTY. The premiums paid by COUNTY shall accrue interest in accordance with Article 4.E. - Interest Charge, herein.
- c. COUNTY is not required to carry any public liability, public damage or extended coverage insurance on any improvements on the Premises.

C. UNINSURED CASUALTY

An uninsured casualty is a loss for which insurance is not required under this Lease. At any time during the Lease term should destruction or damage occur to all or any part of LESSEE's improvements caused by an uninsured casualty, LESSEE shall have no obligation to rebuild the improvements and may terminate this Lease by giving COUNTY ninety (90) days written notice, within forty-five (45) days after such damage or destruction occurs. Should LESSEE terminate this Lease, LESSEE shall, at its own expense, and at COUNTY's sole discretion, remove the improvements from the Premises to COUNTY's satisfaction in accordance with Article 8 - Ownership and Disposition of Improvements. In any event, LESSEE shall leave no damaged or destroyed improvements thereon.

ARTICLE 14. ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or sublease this Lease.

ARTICLE 15. NO SUBORDINATION

COUNTY shall not subordinate its fee interest in the Premises to any lien or encumbrance created by LESSEE.

ARTICLE 16. RIGHT TO HYPOTHECATE LEASEHOLD

LESSEE has no right to hypothecate Leasehold.

ARTICLE 17. SALE OF THE PREMISES BY COUNTY

In the event of a sale of the Premises by COUNTY, this Lease shall terminate and COUNTY shall be entirely freed and relieved of all liability under any and all of its covenants and unaccrued obligations contained in or derived from this Lease arising out of any act, occurrence or omission after the consummation of such sale.

ARTICLE 18. BANKRUPTCY OR INSOLVENCY

LESSEE shall be deemed to have repudiated its obligations and to have breached this Lease if, during the term of this Lease either of the following occurs:

- a. A petition to have LESSEE adjudged bankrupt or a petition for reorganization, arrangement or relief under the Bankruptcy Act as now in force or hereafter amended, is filed by or against LESSEE, and if so filed against LESSEE, is not dismissed within sixty (60) days from the date of such filing; or

- b. In any judicial action or proceeding pursuant to any composition of creditors, a receiver or other officer or agent (including LESSEE as a debtor in possession) is appointed to take charge of the Premises or the business conducted therein, and not removed within sixty (60) days of the occurrence.

A. LEASE TERMINATION

LESSEE expressly agrees that COUNTY may at its election terminate this Lease in the event of the occurrence of either of the events described above by giving not less than thirty (30) days' notice to LESSEE, and when terminated, COUNTY may reenter the Premises and relet to another.

ARTICLE 19. CONDEMNATION

A. TOTAL TAKE

If the entire Premises or a lesser portion shall be taken by condemnation or other proceedings pursuant to law, or sold in avoidance of such condemnation or other proceedings, COUNTY shall be entitled to the entire condemnation proceeds.

B. TEMPORARY TAKE

If the use or occupancy of all or any part of the Premises shall be temporarily requisitioned by any governmental authority, civil or military, this Lease shall continue in full force and effect, and LESSEE shall promptly repair any damage caused by any such taking or requisition to the improvements on the Premises.

C. APPLICABILITY OF ARTICLE

This shall apply only to condemnation or other proceedings or sales in avoidance of condemnation which are instituted by a public agency other than COUNTY.

ARTICLE 20. DEFAULT

Any and all of the following actions shall constitute an event of default under this Lease on the part of LESSEE:

- a. Failure to pay any installment of rent when due.
- b. Failure to pay any other monies due COUNTY within fifteen (15) days after receipt of written notice by LESSEE.
- c. Failure to pay any insurance premiums, liens, claims, demands, judgments, or other charges when due for which LESSEE is responsible under this Lease.

- d. LESSEE maintaining, committing or permitting the maintenance or commission of a nuisance upon Premises or using the same for an unlawful purpose.
- e. Failure to repair or maintain Premises as provided in this Lease.
- f. Abandonment of Premises for a continuous period of thirty (30) days;
- g. Failure to perform or a breach of any other covenant, condition or restriction provided in this Lease.

ARTICLE 21. REMEDIES FOR DEFAULT

A. COUNTY RIGHTS ARISING FROM LESSEE DEFAULT

In addition to any other remedies available by law, COUNTY shall have the non-exclusive right, at its sole election, to pursue any or all of the following remedies in the event of default by LESSEE:

- (1) To notify LESSEE in writing identifying the event of default and allowing a reasonable period of time for LESSEE to cure such default. This notice may be accompanied by a notice of termination, setting a date for termination of the Lease in the event the default is not cured within the time granted. Such notice of termination may not set a date for termination of the lease of less than thirty (30) days from the date notice is given.
- (2) To terminate this Lease upon thirty (30) days' written notice, and to enter into and upon the Premises and take possession of the same. Upon termination of this Lease, in addition to any other remedies COUNTY may have under law, in equity or under this Lease, COUNTY may recover without limitation, any unpaid rent and charges equivalent to rent having accrued, all costs associated with recovering and/or reletting the premises, all costs associated with performing LESSEE's obligations hereunder, and the worth at the time of such termination of all rent and charges equivalent to rent lost over the remainder of the Lease Term, plus interest charge in accordance with Article 4.E. - Interest Charge, herein.

B. RENT DUE AND RIGHTS NOT WAIVED IN EVENT OF DEFAULT

- (1) Pursuit of any of the foregoing remedies shall not preclude pursuit of any other remedies herein provided or others as provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to COUNTY hereunder or of any damages accruing to COUNTY by reason of the violation of any of the terms, provisions and covenants herein contained.

- (2) Forbearance by COUNTY to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of any of COUNTY's rights hereunder.

ARTICLE 22. HAZARDOUS SUBSTANCES

A. DEFINITION

For purposes of this Lease, the term "hazardous substances" shall be deemed to include:

- Hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, crude oil or byproducts of crude oil other than which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8; or
- Substances which require investigation or remediation under any Federal, State or Local statute, regulation, ordinance, order action, policy or common law; or
- That which is or becomes defined as "hazardous waste", "hazardous substances", pollutant or contaminant under any Federal, State or Local statute, regulation, ordinance or amendment thereto, including without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and/or the Resource Conservation and Recovery Act (RCRA); or
- That which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or likewise hazardous and is or may become regulated by any governmental authority, agency, department, commission, board of instrumentality of the United States, the State of California or any political subdivision thereof; or
- Substances, present on or about the Premises which cause or threaten to cause a nuisance thereupon or to adjacent properties or pose or threaten to pose a hazard to the health or safety of persons on or about such property; or
- Without limitation, substances containing gasoline, diesel fuel or other petroleum hydrocarbon; or
- Without limitation, substances containing polychlorinated bipheynols (PCBs), asbestos or urea formaldehyde foam insulation.

B. WARRANTIES AND REPRESENTATION

- (1) LESSEE hereby warrants and represents that it will not cause or allow to be caused the presence, use, storage or disposal of any hazardous substances on or about the Premises without the prior written consent of COUNTY, except for repaving or maintaining the property wherein standard commercially marketed chemicals may be used.
- (2) LESSEE hereby warrants and represents that it shall comply with all Federal, State, County and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

C. NOTICE

LESSEE agrees to immediately notify COUNTY when hazardous substances have been released on the Premises.

D. DAMAGE/SPILLAGE

- (1) In the event of spillage, leakage, or escape of any hazardous substances onto the premises, LESSEE shall immediately notify COUNTY by calling (800) 675-4357 and promptly remove any such substances from the Premises to the COUNTY's satisfaction.
- (2) In addition to removing any hazardous substances, LESSEE shall be liable for and reimburse COUNTY for any and all costs and expenses that COUNTY may incur or suffer. Such responsibility shall include cost or expenses as COUNTY may incur by reason of Federal, State, local or other authoritative agency's laws and regulations.

E. INDEMNITY

LESSEE agrees to indemnify, defend and save harmless COUNTY, from and against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of hazardous substances on the Premises.

F. DEFAULT

The presence, except for such substances transported through the improvement(s), or the release of hazardous substances on the Premises shall constitute an event of default as defined in Article 20 - Default, and shall be subject to the remedies set forth in Article 21.

G. SURVIVAL

The provisions, warranties and representations set forth in this Article shall survive the termination of this Lease without limiting the survival of any other provisions of this Lease.

ARTICLE 23. ESTOPPEL CERTIFICATES

COUNTY and LESSEE shall, respectively, at any time upon not less than ten (10) business days' prior written request by the other, deliver to the requesting party an executed and acknowledged statement in writing certifying that (1) this Lease is unmodified and in full force and effect (or if there has been any modification(s) thereof that the same is in full force and effect as modified, and stating the nature of the modification or modifications), (2) to its knowledge the requesting party is not in default under this Lease (or if any such default exists, the specific nature and extent thereof), and (3) any date(s) to which rent and other charges have been paid in advance. Each certificate delivered pursuant to this may be relied upon by any prospective purchaser or transferee of the Premises or of COUNTY's or LESSEE's interest hereunder or by any fee or leasehold mortgagee of Premises or of COUNTY's or LESSEE's interest thereunder or by any assignee of any such mortgage.

ARTICLE 24. JOINDER IN INSTRUMENTS; LOT SPLIT, ZONING

Upon request of the other, COUNTY at its discretion and LESSEE shall join in any instruments of conveyance, dedication, grant of easement or license, or other instrument as shall be reasonably necessary or convenient to provide public utility service and/or public roadway access to the Premises or any portion(s) thereof.

ARTICLE 25. EXCUSABLE DELAYS

If either Party is delayed, prevented or hindered from the performance of any covenant or condition of this Lease due to acts of the other party, acts of God, action of the elements, war, invasion, insurrection, acts of a public enemy, riot, mob violence, civil commotion, sabotage, labor disputes, laws, moratoriums, financial inability excepted, such performance shall be excused for the period of the delay (and the period for such performance shall be extended for a period equivalent to the period of such delay). Nothing herein, however, shall excuse LESSEE from the obligation to pay rent hereunder.

ARTICLE 26. NON-DISCRIMINATION

A. USE OF THE PREMISES

LESSEE doing business with any person, club, business, contractor or organization involved on the Premises, agrees that in the use of the Premises, persons or prospective persons shall not be denied or selected because of race, religion, ancestry, national origin or sex, and shall comply with all Federal and State laws prohibiting discrimination including, but not limited to, the Federal Civil Rights Act of 1964, the Unruh Civil Rights Act, the Cartwright Act, and the State Fair Employment Practices Act.

B. EMPLOYEES

LESSEE agrees that all persons employed hereby shall be treated equally without regard to or because of race, religion, ancestry, national origin or sex, and in compliance with all Federal and State laws prohibiting discrimination in employment, including, but not limited to, the Federal Civil Rights Act of 1964, the Unruh Civil Rights Act, the Cartwright Act, and the State Fair Employment Practices Act.

C. SUBCONTRACTORS

LESSEE agrees that subcontractors, bidders and vendors thereof are and shall be selected without regard to or because of race, religion, ancestry, national origin, or sex.

D. RECORDS

All employment and rental records shall be open for inspection and reinspection at any reasonable time during the term of this Lease for the purpose of verifying the practice of non-discrimination by LESSEE in the areas heretofore described.

E. BREACH

COUNTY has the option to terminate this Lease or charge damages for each breach of the promises of non-discrimination. The sum of Five Thousand Dollars (\$5,000) is hereby agreed upon as the amount of damages that will be assessed to LESSEE and paid to COUNTY for each breach of the promises of non-discrimination contained. Said amount has been agreed to by both parties in recognition of the difficulty in fixing actual damages arising from a breach thereof.

COUNTY's initials _____ LESSEE's initials _____

ARTICLE 27. QUIET ENJOYMENT

COUNTY covenants that LESSEE upon timely and properly performing its obligations herein shall have the quiet and undisturbed possession of the Premises throughout the Lease Term.

ARTICLE 28. RESERVATIONS

A. RESERVATION TO USE OF THE PREMISES

- (1) COUNTY reserves the right to use a one-half portion of the Premises not designated for LESSEE's exclusive use for any and all lawful purposes including but without limitation, public transportation, utilities, roads, parking, public/private development and/or other related uses together with incidental rights of construction and installation of facilities, ingress and egress, operation, and maintenance. The exercise of the rights reserved herein shall not be inconsistent with LESSEE's use or constitute unreasonable interference.

(2) Interruption of LESSEE's use for a period at COUNTY's sole discretion to permit construction and installation of other facilities shall not be deemed unreasonable interference.

a. No utilities or support structures shall be attached to, built upon, or otherwise unreasonably interfere with LESSEE's use without the written approval of LESSEE.

B. RIGHT OF ENTRY FOR INSPECTION, EMERGENCIES, ETC.

(1) COUNTY reserves the right to enter the Premises by its authorized personnel, employee(s), contractor(s), or agent(s) in order to inspect the Premises for any purposes incidental to the rights or duties of COUNTY, and for the protection, maintenance, construction, reconstruction and operation of COUNTY's facilities. The right to inspect reserved to COUNTY shall not obligate COUNTY to make inspections to ascertain the condition of the Premises and shall not impose liability upon COUNTY for failure to inspect.

(2) COUNTY shall have the right, as it deems necessary, to immediately possess the Premises for the purpose of preventing sabotage, for the protection of COUNTY's facilities, and in an emergency where COUNTY has cause to believe that lives or excessive property or environmental damage are threatened.

ARTICLE 29. WARRANTIES

A. NO WARRANTY OF TITLE

COUNTY makes no warranties as to whether the Premises delivered to LESSEE are free and clear of any claims, obligations, mortgages, tax assessments, liens and encumbrances, LESSEE may, at its sole cost and expense, procure a policy of title insurance.

B. NO WARRANTY OF USE

COUNTY makes no representations or covenants or warranties regarding LESSEE's proposed or actual use of the Premises or improvements thereon.

ARTICLE 30. OPERATIONS AND SUPERVISION

A. OPERATIONS

LESSEE shall operate all its improvements comparable with other such operations and in a manner similar with those prevailing in the area and other areas in Southern California furnishing the same services and amenities.

ARTICLE 31. MISCELLANEOUS

A. NOTICES

- (1) Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person to either party or by private courier or may be deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

To COUNTY:COUNTY OF LOS ANGELES

Mapping & Property Management Division
900 South Fremont Avenue
Alhambra, CA 91803-1331

To LESSEE:

Bates Partners LLC
521-1/2 South Myrtle Avenue
Monrovia, CA 91016

- (2) Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one above specified, except that LESSEE shall always provide a California address. If any notice or other document is sent by registered or certified mail, as aforesaid, the same shall be deemed served or delivered twenty four (24) hours after the mailing therefor, as above provided.

B. ATTORNEY'S FEES

The prevailing party in any action to enforce this Lease shall be entitled to reasonable attorney's fees and costs for any breach and any arbitration, excepting arbitration pertaining to rent.

C. WAIVER

No waiver by either party of any breach by the other party of any term, covenant or condition of this Lease shall be deemed a waiver of any other breach of the same or any other term, covenant or condition of the Lease. The payment or acceptance of rent hereunder shall not be deemed a waiver of any breach of any term, covenant or condition of this Lease.

D. HOLDING OVER

LESSEE shall not have the right to holdover Premises.

E. COVENANTS

All provisions of this Lease, whether covenants or conditions, on the part of LESSEE, shall be deemed to be both covenants and conditions.

F. NEGATION OF PARTNERSHIP

Nothing in this Lease shall be construed to render COUNTY in any way or for any purpose a partner, joint venturer, or associate in any relationship with LESSEE other than that of COUNTY and LESSEE, nor shall this Lease be construed to authorize either to act as agent for the other unless expressly provided in this Lease.

G. QUITCLAIM

At the expiration or earlier termination of this Lease, LESSEE shall execute, acknowledge and deliver to COUNTY within ten (10) days after written demand from COUNTY to LESSEE, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the title of the real property subject to this Lease. The quitclaim deed shall also confirm title in LESSEE's improvement(s) to COUNTY which COUNTY has elected to retain pursuant to Article 8 - Ownership and Disposition of Improvements, herein.

H. NUMBER AND INCLUSION, JOINT AND SEVERAL

Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the word "person" shall include corporation, firm or association.

If there is more than one LESSEE, the obligations imposed under this Lease upon LESSEE shall be joint and several.

I. HEADINGS AND TITLES

The marginal headings or titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part herein.

J. COMPLIANCE WITH GOVERNMENTAL REGULATIONS

LESSEE shall, at its own cost and expense, promptly and properly observe, comply with and execute, including the making of any alteration, addition or change to the Premises, all present and future orders, regulations, directions, rules, laws, ordinances and requirements of all governmental authorities (including but not limited to State, Municipal, County and Federal governments and their departments, bureaus, boards and officials), arising from the use or occupancy of, or applicable to, the Premises, or the vaults, franchises, or privileges appurtenant to or connected with the enjoyment of the Premises. LESSEE shall have the right to contest or review, by legal procedure or in such other manner as LESSEE may deem suitable, at its own expense, any such order, regulation, direction, rule, law, ordinance or requirement and if able, may have the same canceled, removed, revoked or modified, provided that COUNTY is not subjected to a criminal prosecution and that COUNTY's title to the Premises is not subject to forfeiture. LESSEE, hereby agrees to indemnify, defend and hold COUNTY harmless from and against any civil liability as a result of any such contest or review. Any such proceedings shall be conducted promptly and shall include, if LESSEE so decides, appropriate appeals. Whenever requirements become absolute after a contest, LESSEE shall diligently comply with the same or so much thereof as shall have been judicially sustained.

K. INELIGIBILITY FOR RELOCATION ASSISTANCE

LESSEE expressly acknowledges that LESSEE is a post-acquisition tenant, and termination by reasons of and exercise of the rights herein reserved to COUNTY, breach of the Lease terms by LESSEE, expiration of the term hereof, or termination for any other reason shall not entitle LESSEE to a claim of status as a "displaced person" as such is defined in Section 7260 (b)(c)(d) of the Government Code of the State of California. LESSEE hereby disclaims such status and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7277, as they exist or as they may be amended.

L. STORAGE OF MATERIALS

LESSEE shall not use the Premises for the temporary or permanent storage of excavated materials, rock, sand, cement, or other material or any equipment except as specifically approved in writing from COUNTY.

M. ENTIRE LEASE

This Lease contains the entire Lease of the parties and of matters covered, hereby, and no other previous agreement, statement or promise made by any party hereto which is not contained herein shall be binding or valid unless in writing and properly executed by both parties.

N. TIME OF ESSENCE

Time is of the essence with respect to obligations to be performed under this Lease.

O. CLAIMS AND PROTEST

- (1) During reasonable hours, COUNTY, its agents or employees shall have the right, but not the obligation, to enter upon and inspect the Premises and operations and to make written Demand to Perform upon LESSEE to perform its obligations under this Lease. Such Demand shall specify the obligations to be performed. LESSEE shall immediately perform its obligations placed upon LESSEE by COUNTY. If LESSEE disputes such Demand, within thirty (30) days after any such Demand is given, LESSEE shall file a written Protest of Demand with COUNTY stating clearly and in detail its objections and reasons.
- (2) If LESSEE does not file such protest within thirty (30) days, LESSEE shall be deemed to have waived and does hereby waive all claims for damages and adjustments against COUNTY arising out of the Demand.

P. MONETARY OBLIGATIONS AND RENT

All monetary obligations owed by LESSEE to COUNTY shall be deemed to be rent.

Q. SAVING CLAUSE

If any provision or provisions of this Lease are for any reason adjudged to be unenforceable or invalid, it is the specific intent of the parties that the remainder shall subsist, be, and remain in full force and effect.

R. PROTECTION OF THE PREMISES

LESSEE shall maintain its facilities in such a manner as to protect COUNTY's property from damage, injury, loss or liability arising from rainfall or other action(s) of the elements.

S. AUTHORITY TO ENTER LEASE

LESSEE and COUNTY individually and severally attest that they are duly authorized to execute this Lease.

ARTICLE 32. RECORDATION OF LEASE

This Lease or a Memorandum of Lease shall be properly acknowledged by the parties in recordable form and may be recorded by either party.

ARTICLE 33. COUNTY LOBBYIST

LESSEE shall be familiar with and adhere to Los Angeles County Code Section 2.160.010, County Lobbyist. Each County Lobbyist as defined by Los Angeles County Code Section 2.160.010 retained by LESSEE and/or LESSEE's representative or agent shall fully comply with provisions set forth therein. Failure on the part of any Lobbyist retained by LESSEE or LESSEE's representative or agent to fully comply with said County Code shall constitute a material breach of this Lease upon which the COUNTY may immediately suspend or terminate this Lease.

ARTICLE 34. DECLARATION OF KNOWLEDGE BY LESSEE

LESSEE warrants that LESSEE has carefully examined this Lease and by investigation of the site and of all matters relating to the Lease arrangements has fully informed itself as to all existing conditions and limitations affecting the construction of the Lease improvements and business practices required in the operation and management of the uses contemplated hereunder.

ARTICLE 35. DEFINITIONS

ADDITIONAL RENT: Any and all amounts other than annual rent, including late fees and interest required to be paid by LESSEE under this Lease.

AFFILIATED ENTITY: Any subsidiary corporation, joint venture, partnership or other relationship where LESSEE or any of its principals or owners are officers, shareholders or otherwise interested.

ANNIVERSARY DATE: Annually the same day and month as when the Lease commences.

DAYS: All references to "days" shall be in calendar days unless otherwise noted.

ESTOPPEL CERTIFICATE: Signed statement by either party to Lease, certifying for the benefit of the other party, that certain statement(s) of fact are correct as of that date, rent is paid and there are no defaults. Delivery of the statement prevents (estop) the other party from later claiming different facts.

INSURANCE TRUSTEE: The County of Los Angeles or any California or Federally chartered savings and loan association, a Federally chartered bank, or trust company, preferably with an office or branch located within twenty (20) miles of the Premises.

MAJOR REPAIR: Any repair to the Premises and/or improvements thereon for which the total repair cost exceeds five thousand dollars (\$5,000) (base year = 1994) The five thousand dollar (\$5,000) criteria is to be adjusted annually by the increase in the Western District Building Index Published by Marshall and Swift Publication Company or successor indices.

MINOR REPAIR: Any repair to the Premises and/or improvements thereon for which the total repair cost does not exceed five thousand dollars (\$5,000) (base year = 1994). The five thousand dollar (\$5,000) criteria is to be adjusted annually by the increase in the Western District Building Index Published by Marshall and Swift Publication Company or successor indices.

ACKNOWLEDGMENTS

IN WITNESS WHEREOF, the said COUNTY OF LOS ANGELES, a body corporate and politic, by order of its Board of Supervisors, has caused the Lease to be subscribed by the Chair of the Board and the seal of said COUNTY to be affixed hereto and attested by its Executive Officer of the Board of Supervisors, and the LESSEE have hereunto subscribed their names, the day and year first above written.

"COUNTY"

COUNTY OF LOS ANGELES,
a body corporate and politic

By _____
Chair, Board of Supervisors
of the COUNTY OF LOS ANGELES

ATTEST:

VIOLET VARONA-LUKENS, Executive Officer
of the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

"LESSEE"

Bates Partners LLC,
a Limited Liability Company

APPROVED AS TO FORM:
Lloyd W. Pellman, County Counsel

By _____
Signature Date

By: _____
Deputy

Name Title

By _____
Signature Date

Name Title

JT:adg
P6:DITMAN LEASE BRD.wpd

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
P.O. BOX 1460
ALHAMBRA, CA 91802-1460
ATTENTION MAPPING & PROPERTY
MANAGEMENT DIVISION

Space Above This Line Reserved for Recorder's Use

File with:

Lease Agreement No.
Project: Ditman Avenue Parking Lot
Assessor's Parcel No. 5232-014-900
Thomas Guide 635-D6
First District
M0222018

MEMORANDUM OF LEASE

This is a Memorandum of Lease of an unrecorded Lease Agreement dated _____, 20____, between the COUNTY OF LOS ANGELES, a body corporate and politic, 900 South Fremont Avenue, Alhambra, California 91803, hereinafter referred to as COUNTY, and BATES PARTNERS, LLC, a Limited Liability Company, having its offices at 521-1/2 South Myrtle Avenue, Monrovia, CA 91016, hereinafter referred to as LESSEE, covering the leased Premises in Los Angeles County, commonly known as 124 North Ditman Avenue, Los Angeles, California 90063, of which is more particularly shown hachured in Exhibit "A" attached hereto and made a part hereof by reference.

For good and valuable considerations, COUNTY leases the Premises to LESSEE AND LESSEE hires them from COUNTY for the term and under the provisions contained in the above-mentioned unrecorded Lease Agreement. Such unrecorded Lease Agreement being incorporated in this Memorandum by this reference.

The Lease Agreement will commence on _____, 20____, subject to the elimination, satisfaction, or waiver of certain contingencies, and will run for a term of ten (10) years, ending on _____, 20____, also subject to LESSEE's option to extend the term for one (1) additional period of ten (10) years.

This Memorandum of Lease is not a complete summary of the Lease Agreement. Provisions in this Memorandum shall not be used in interpreting the Lease Agreement's provisions. In the event of conflict between the Memorandum and other parts of the unrecorded Lease Agreement, the other parts shall control.

MAIL TAX STATEMENTS TO:

The Bates Co.
521-1/2 South Myrtle Avenue
Monrovia, CA 91016

ACKNOWLEDGMENTS

IN WITNESS WHEREOF, the said COUNTY OF LOS ANGELES, a body corporate and politic, by order of the Board of Supervisors, has caused the Lease and Memorandum of Lease to be subscribed by the Chair of the Board and the seal of said COUNTY to be affixed hereto and attested by its Executive Officer and the Board of Supervisors, and the LESSEE has hereunto subscribed their names, the day, and year first above written.

"COUNTY"

COUNTY OF LOS ANGELES,
a body corporate and politic

By _____
Chair, Board of Supervisors
of the County of Los Angeles

ATTEST:

VIOLET VARONA-LUKENS, Executive Officer
of the Board of Supervisors
of the County of Los Angeles

"LESSEE"

By _____
Deputy

BATES PARTNERS, LLC,
a Limited Liability Company

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By _____
Signature Date

By _____
Deputy

Name _____

Title _____

By _____
Signature Date

Name _____

Title _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On January 6, 1987, the Board of Supervisors for the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts adopted a resolution pursuant to Section 25103 of the Government Code which authorized the use of facsimile signatures of the Chair of the Board on all papers, documents, or instruments requiring his/her signature.

The undersigned hereby certifies that on this _____ day of _____, 20_____, the facsimile signature of _____, Chair of the Board of Supervisors of the COUNTY OF LOS ANGELES was affixed hereto as the official execution of this document. The undersigned further certifies that on this date, a copy of the document was delivered to the Chair of the Board of Supervisors of the COUNTY OF LOS ANGELES.

In witness whereof, I have also hereunto set my hand and affixed my official seal the day and year above written.

VIOLET VARONA-LUKENS, Executive Officer
of the Board of Supervisors
of the County of Los Angeles

By _____
Deputy

(COUNTY-SEAL)

APPROVED as to form
LLOYD W. PELLMAN, County Counsel

By _____
Deputy